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Report of the Economic and Social Council

Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: strengthening of the coordination of emergency humanitarian assistance of the United Nations; special economic assistance to individual countries or regions

Implementation of the United Nations New Agenda for the Development of Africa in the 1990s, including measures and recommendations agreed upon at its mid-term review

United Nations reform: measures and proposals

Implementation of the outcome of the World Summit for Social Development

Question of Palestine

The situation in the Middle East

Elimination of coercive economic measures as a means of political and economic compulsion

Launching of global negotiations on international economic cooperation for development

Strengthening of the United Nations system

Restructuring and revitalization of the United Nations in the economic, social and related fields

Macroeconomic policy questions: trade and development; financing of development, including net transfer of resources between developing and developed countries; commodities; external debt crisis and development

Sectoral policy questions: industrial development cooperation

Sustainable development and international economic cooperation: implementation of and follow-up to major consensus agreements on development; implementation of the outcome of the United Nations

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Conference on Human Settlements (Habitat II); renewal of the dialogue on strengthening international economic cooperation for development through partnership; implementation of the Programme of Action for the Least Developed Countries for the 1990s; implementation of the Programme of Action of the International Conference on Population and Development

Environment and sustainable development: implementation of and follow-up to the outcome of the United Nations Conference on Environment and Development, including the outcome of the nineteenth special session of the General Assembly for the purpose of an overall review and appraisal of the implementation of Agenda 21; protection of global climate for present and future generations of mankind; implementation of the outcome of the Global Conference on the Sustainable Development of Small Island Developing States; Convention on Biological Diversity; Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa

Operational activities for development

Implementation of the first United Nations Decade for the Eradication of Poverty (1997–2006)

Commemorative meeting of the twentieth anniversary of the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries

Social development, including questions relating to the world social situation and to youth, ageing, disabled persons and the family

Implementation of the outcome of the Fourth World Conference on Women

Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 1998–1999

Programme planning

Improving the financial situation of the United Nations

Letter dated 29 September 1998 from the Permanent Representative of Indonesia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the Ministerial Declaration of the Group of 77 and China adopted on the occasion of the 22nd annual meeting of Ministers for Foreign Affairs of the Group of 77, held at United Nations Headquarters in New York on 25 September 1998 (see annex).

On behalf of the Group of 77 and China, I would highly appreciate it if you could arrange for the present letter and its annex to be circulated as a document of the General Assembly under agenda items 12, 20 (a) and (b), 24, 30, 37, 39, 40, 51, 56, 58, 61, 91 (a), (b), (c) and (d), 92 (b), 93 (a), (c), (d), (e) and (f), 94 (a), (b), (c), (d) and (e), 95, 98, 99, 100, 104, 112, 113, 114 and 115.

(*Signed*) Makarim **Wibisono**
Ambassador
Permanent Representative of
Indonesia to the United Nations
Chairman of the Group of 77

Annex

Ministerial Declaration

1. The Twenty-second Annual Meeting of the Ministers for Foreign Affairs of the Group of 77 was held in New York on 25 September 1998.

2. The Ministers welcomed the admission of Turkmenistan as a full member of the Group of 77.

3. The Ministers addressed issues of interest to the Group of 77 covering areas such as global economic situation, globalization and liberalization, development and international economic cooperation, renewal of the dialogue, eradication of poverty, financing for development, official development assistance, external debt of developing countries, microcredit, international trade, industrialization, reform of the United Nations, development account, environment and development, Habitat and UNEP, Follow-up to the United Nations major conferences and summits, United Nations operational activities for development, the least developed countries, the critical economic situation in Africa, the critical situation in the Middle East, the financial situation, administrative and budgetary issues of the United Nations and South-South Cooperation.

Global Economic Situation

4. The Ministers noted that while the momentum of development of some economies in a number of regions is still being maintained, many countries have experienced significant slow-downs, while others have plunged into devastating economic crisis and deep recession with bleak prospects for the near future, this has resulted in an increase in the number of people living in poverty whilst the poorest and most vulnerable developing countries have plummeted into acute poverty and destitution putting intolerable pressures on their political and social fabric; at the same time, the gap between developed and developing countries continue to widen. The Ministers expressed their grave concern over the unfavourable international economic environment and stressed the urgency and importance of strengthening international economic cooperation and supporting the developing countries in order to achieve sustained economic growth and sustainable development.

Globalization and Liberalization

5. The Ministers stressed that the process of globalization and liberalization brings risk, grave challenges and also opportunities, which affect virtually all countries but in unequal ways. The Ministers expressed their concern that the developing countries are still vulnerable to the external economic shocks in the process of globalization and are not sufficiently competitive to integrate their economies in the global economy. With their access to markets, financial resources and technology severely limited, their economic growth has been stifled. Moreover, in the process of international economic decision-making where they should be able to obtain redress for their deprivations, they are, however, increasingly marginalized. The Ministers recognized that in order to ensure that the process of globalization and liberalization serve their development needs, the developing countries have to gear themselves to take advantage of these opportunities and to define their strategies to counter the negative effect of globalization by formulating a

workable and positive agenda with the view of ensuring that the process of globalization promotes equity and benefit for all. The Ministers noted the need for comprehensive action to mitigate the adverse impact of all aspects of globalization for developing countries.

6. The Ministers were deeply concerned that many developing countries in particular in Africa and the LDCs have continued to be marginalized from the process of globalization and are, therefore, unable to derive benefits from it, and they urged the international community to strengthen actions aimed at integrating the countries into the global economy.

7. The Ministers recognized the grave risks associated with globalization which have been exemplified by the economic crisis and the financial turbulence that have afflicted many countries in different regions. The affected economies have been crippled by financial and economic shocks due to factors such as volatile short-term capital flows, irresponsible speculative trading in currencies and the movement of vast amounts of capital in and out of countries at a staggering speed. The Ministers noted that the crisis was spreading beyond a single region and there was a real danger that it could induce a global recession or even a depression. The Ministers further recognized that this crisis should serve as a warning to all countries and that, for most developing countries, the risks inherent to globalization are some time greater than its benefits. The lessons learned from the recent financial crisis should be carefully analyzed and utilized to enhance national, regional and international actions to prevent any future crisis. The Ministers therefore underlined the need to strengthen the international financial system and to undertake appropriate global measures to minimize the systemic risk attached to globalization particularly in the financial and capital market.

8. The Ministers greatly appreciated the efforts undertaken by those countries affected by the crisis to mitigate its social impact particularly on the weak and most vulnerable sectors of society. They called on the international community to do its utmost to assist the efforts of developing countries in this regard.

Development and International Economic Cooperation

9. The Ministers underscored the need to revive and promote a more meaningful North South dialogue on economic cooperation and development. The two pillars of international cooperation - solidarity as defined by moral imperatives and shared experiences on one hand, and the utilitarian rationale of multilateralism on the other, have been steadily undermined as market forces has become the principal driving force and the unfair competition has become the hallmark of the evolving economic system. Attempts to revitalize debates over the past years have failed to either define a forward-looking agenda or to mobilize the political will of developed countries to honour their past as well as recent commitments. As a consequence, the current situation is characterized by the lack of recognition of the commonality in economic interests and the relegation of international cooperation, at the time when its relevance should be underscored.

10. The Ministers called for the full and effective participation of the developing countries in the process of decision-making, standard setting and in the resolution of world economic problems through strengthening multilateralism aimed at promoting equitable growth in the world economy. They emphasized that the increasing globalization and liberalization of the world economy required an equitable and effective mechanism of multilateral macroeconomic policy coordination which should allow for greater participation of developing countries and take into account their needs and concerns. They underscored the

urgent need for the United Nations to play a more active role in development issues and international cooperation for development.

11. The Ministers expressed the urgent need for certain developed countries to immediately eliminate laws and regulations with adverse extra-territorial impacts and other forms of coercive economic measures including unilateral sanctions against developing countries. They emphasized that such actions not only undermine the principles enshrined in the Charter of the United Nations and international law, inter-alia sovereign equality of States, non-intervention and non-interference in their internal affairs, but also severely menace the freedom of trade and investment, which are also spelled out in many international legal instruments, including the principles establishing the World Trade Organization.

12. The Ministers also expressed their grave concern over the impact of economic sanctions on civilian population and development capacity in targeted countries and therefore urged the international community to exhaust all peaceful methods before resorting to sanctions, which should only be considered as a last resort. If necessary these sanctions must be established only in strict conformity with the Charter of the United Nations with clear objectives, clear time frame, provision for regular review, precise conditions for their lifting and never be used as a form of punishment or otherwise exact retribution.

13. The Ministers recalled paragraph 179 of the Final Document of the Twelfth Summit of the Non Aligned Movement in Durban, South Africa, in which a deep concern was expressed over the air attack against El-Shifa pharmaceutical factory in the Sudan on 20 August 1998. They recognized that such act could have negative impact on the economic and social development of the concerned country.

14. The Ministers called on the international community to give special attention and support to the special development problems and needs of land-locked countries, particularly through technical cooperation and financial assistance by developed countries, and multilateral financial institutions to enable these countries to effectively participate in a rapidly globalizing world economy and international trade. They also stressed that transit developing countries face serious economic problems and that their efforts at developing, maintaining and improving viable transit infrastructures in order to promote trade and investment in their respective regions, also needed support from the international community.

15. The Ministers expressed concern at the erosion of development cooperation and noted the need to reinvigorate it in order to address the new requirements of developing countries in the context of the new phenomenon of globalization and liberalization. In this regard, official concessional development assistance, special and differential treatment for developing countries and transfer of technology on concessional and preferential terms, remained valid and were crucial if developing countries were to succeed in eradicating poverty and accelerating economic growth in a sustainable manner, including progress in the social sectors and protection of the environment. In this context they noted the close linkage between the prosperity of developing and developed countries and the potential of developing countries as locomotives of growth. They urged developed countries to make the necessary investments for the realization of this potential.

16. The Ministers reiterated their recognition of the role of the United Nations Conference on Trade and Development (UNCTAD) as the principle forum of the United Nations for the integrated treatment of development and related issues in areas of trade, finance, investment and sustainable development. They emphasized the importance of strengthening UNCTAD's capacity in macro-economic analysis, consensus

building, technical assistance and in supporting developing countries in their preparations for the ongoing and future trade-related negotiations. In this context, the Ministers recognized the importance of UNCTAD X, to be held in Thailand in the year 2000, as an opportunity to address development challenges and to respond effectively to the development needs and priorites of developing countries in ways that ensures growth with equity at the international level. They also reiterated the mandate of the International Trade Center (ITC) and stressed the essential restoration of its current budgetary and administrative arrangements and emphasized the role of UNCTAD in this regard.

Renewal of the Dialogue

17. The Ministers noted with satisfaction the convening of the first High Level Dialogue on the theme of the social and economic impacts of globalization and interdependence and their policy implications on 17-18 September 1998. The Ministers agreed that the two day High-Level Dialogue contributed to increasing the awareness and understanding on the issues of globalization and expressed their hope that it would pave the way for further consideration of the issues with the purpose of evolving modalities for minimizing the negative impacts and maximizing the benefits of globalization for the developing countries, in particular the Least Developed Countries. They believed that the dialogue could serve as a useful forum to discuss the global emerging issues to strengthen international cooperation for development through genuine partnership. In this context, they recommended that the High-Level Dialogue be held once every two years with a theme to be decided through intergovernmental consultations a year prior to the dialogue.

Eradication of Poverty

18. The Ministers recalled the proclamation by the United Nations General Assembly of the first United Nations Decade for the Eradication of Poverty (1997-2006) with the objective of eradicating absolute poverty and substantially reducing overall poverty through national action and international cooperation. They further endorsed the Assembly's recognition that eradicating poverty is an ethical, social, political and economic imperative of humankind. The Ministers however expressed concern that two years into the Decade, the incidence of poverty was globally on the rise instead of falling and that gains made in poverty eradication had in some instances been reversed and, in many other cases, seriously threatened.

19. The Ministers reaffirmed the commitment of their countries to eradicating poverty and raising the standard of living of their people. The Ministers emphasized the importance of harnessing the development potential of globalization and libelarization with the aim of contributing to the eradication of poverty and the achievement of sustained economic development in the developing countries. They called for decisive and concerted action by the international community to assist developing countries in their efforts to reduce poverty globally during the first United Nations Decade for the Eradication of Poverty.

20. They also called for an overview of the implementation of the first United Nations Decade for Eradication of Poverty including an analysis of the constraints and lacuna faced by the developing countries in eradicating poverty, with the view to evolving concrete measures to address these constraints.

Financing for Development

21. The Ministers underlined the vital role of financing for development for fostering economic development of the developing countries and emphasized that the current lack of adequate financial

resources for development is the most debilitating constraint on development. The Ministers therefore underlined the importance of addressing the various issues of financing for development more squarely with the aim of devising a comprehensive approach that revitalizes international development cooperation. In this context, the Ministers stressed that the holding of an international conference on financing for development has become even more compelling than before. Furthermore, the Ministers underlined the need to agree on the scope and agenda of the conference during the fifty-third session of General Assembly and for the Group of 77 to take appropriate steps to prepare a common position in this regard.

22. The Ministers called for the establishment of an open-ended Working Group, as provided in resolution 52/179, in the fifty-third regular session of the General Assembly. They noted the need for developing countries to begin working on evolving a common position on issues such as adequacy and predictability of financial resources for development, security and real growth in such flows in order to meet their expanding requirements. At the same time there is a need to increase international liquidity through SDR allocation and expand the resource base of the BWIs, to consider debt relief, systemic issues, regulation of international capital markets both at the creditors and borrowers ends, to curb speculative pressures and establish more objective criteria to be followed by private credit rating agencies.

Official Development Assistance

23. The Ministers noted with deep concern the continuing decline of the official development assistance (ODA), which is a major external source for financing development and is a crucial input for infrastructure and social sector development in developing countries where private capital flows may either be inadequate or not available. The Ministers strongly urged the reversing of the decline in official development assistance and they also urged the compliance with the internationally agreed ODA target of 0.7% and the fulfillment of commitments on new and additional resources. The Ministers urged the developed countries to allocate 0.15% to 0.2% within the existing target of their gross national product (GNP) to the Least Developed Countries in accordance with the Paris Declaration and the programme of action for the LDCs to enable them to have a realistic chance of building their capacity in order to successfully integrate into the global economy.

External Debt of Developing Countries

24. The Ministers emphasized that the perennial problem of external indebtedness and its debilitating overhang continues to be a major drain on resources for development. Over half of the developing countries continue to be saddled by insurmountable debt burdens that greatly inhibit their sustained economic growth and sustainable development. The Ministers noted that the current financial turbulence in some parts of the world has aggravated the external indebtedness problems of some of these countries. The Ministers also noted with concern that the implementation of HIPC has been constrained by the failure to secure adequate resources to implement this initiative and therefore, they called upon the international community to explore ways and means for its speedy implementation. The Ministers stressed that the eligibility criteria should be made flexible and inclusive.

25. The Ministers noted that both low and middle income developing countries who are similarly mired in indebtedness, also require new initiatives to facilitate their development. While a number of measures and policies adopted in the past including rescheduling have been helpful in alleviating the immediate situation, they have not achieved a durable solution. Thus, in any such discussion on debt, the "once and

for all" debt reduction policy arrangements should be seriously considered so as to speed up the release of financial resources for development.

26. The Ministers also urged the intensification of measures on the conversion of debt to promote development investments in accordance with the priorities and needs of developing countries.

Microcredit

27. The Ministers welcomed the outcome of the Microcredit Summit, held in Washington, D.C., from 2 to 4 February 1997, which through its Declaration and Plan of Action launched a global campaign to reach 100 million of the world's poorest families especially women of those families, with credit for self-employment and other financial and business services, by the year 2005. They recognized that microcredit programmes, through providing accessibilty to small capital to people living in poverty in many countries, have led to their increasing participation in the mainstream economic and political processes in their societies. They further recognized that, in addition to its role in the eradication of poverty, microcredit programmes have also been a contributing factor to the social and human development process through the empowerment of women for the attainment of a better social justice. The Ministers encouraged the development of new microlending institutions as well as the strengthening and expanding of existing ones so that the outreach of credit is extended to a greater number of people who are currently living in poverty, and that the progress to reach the goal of the Microcredit Summit is accelerated.

International Trade

28. The Ministers stressed the critical need for an equitable, secure, non-discriminatory and predictable multilateral trading system which should enhance trade and development opportunities of developing countries and facilitate an increased share of these countries in international trade. To this end, they urged developed countries to avoid all forms of protectionist tendencies and to implement international trade liberalization measures as a necessary step towards the establishment of a just and equitable multilateral trading system. The Ministers stressed that the trade policy reforms being undertaken by developing countries would be frustrated unless the developed countries took positive structural adjustment measures providing larger export possibilites to developing countries. In this context, the Ministers underscored the need for supporting the developing countries in the process of implementation of various agreements relating to trade and development.

29. The Ministers noted that while the Uruguay Round and World Trade Organization (WTO) have achieved some progress in market access, their benefit especially in areas of export interest to the developing countries, has been disappointing. Therefore, challenges facing the multilateral trading system rest on whether developed countries can effectively carry forward the "built in agenda", which is the legacy of the Uruguay Round, as has been amplified by the Singapore Ministerial Conference. This comprises many areas crucial to developing countries such as the questions of market access, including the pursuit of market-access opportunities for LDCs, the furthering of the reform process in agriculture and the implementation of the Textile and Clothing agreement particularly with regard to the integration of textile and clothing to the WTO framework. The Ministers noted the deliberations and the Ministerial Communique on market access issued at the High Level Segment of the Economic and Social Council as a valuable first step and called on all countries to build on the outcome.

30. The Ministers noted that it was imperative that developing countries consult closely on issues relating inter-alia to the full implementation of existing commitments, built in agenda, the agenda emerging from the first and second Ministerial Conferences and the multisectoral round agenda with a view to coordinating positions where possible, if necessary through task forces on issues based coalitions. Specifically the Ministers cautioned that extraneous issues with no direct relevance to trade, such as labour issues, which should be discussed in the appropriate agency - the ILO - should not be introduced into the agenda of the World Trade Organization (WTO). The Ministers also stressed that environmental issues should not be used as a pretext for disguised restrictions to trade. They further urged that all efforts be made to ensure that the international trading system fully reflects the development perspective by ensuring implementation of the provisions for special and differential treatment for developing countries, particularly in providing sufficient adjustment time to make commitments on further liberalization in other areas where the competitiveness of developing countries is still incipient. They called for genuine and accelerated liberalization in sectors of interest to them such as textiles, clothing and agricultural products. They called on the international community to ensure that further negotiations in services respond more fully and in a more balanced manner to the development needs and levels of developing countries, particularly in sectors of interest such as the liberalization in the Movement of Natural Persons into developed countries, so as to enhance participation of developing countries in trade in services. The Ministers emphasized the importance of undertaking reviews of the various agreements including TRIPs, TRIMS, and the Dispute Settlement Agreement as envisaged in those agreements. They further called for the rationalization of TRIPs with the provision of the CBD to ensure protection for biodiversity, traditional and indigenous knowledge and farmers rights; and to evolve measures to tackle biopiracy and to ensure that benefits of biodiversity are fully shared with developing countries. They also cautioned against discretionary and protectionist use of measures such as antidumping, countervailing duties, rules of origin and technical barriers of trade.

31. The Ministers also noted that various World Trade Organization (WTO) agreements are coming up for review in the near future. The developing countries should launch preparations for this review process in time and present concrete proposals and enhance their coordination during this process. New issues and proposals on the WTO agenda presented by the developed countries require careful study and analysis by the South. It is important for developing countries to develop a positive agenda that would include sectors of interest to them, such as agricultural products where tariffs in developed markets remain high, and the accelerated implementation of the Textiles Agreements.

32. The Ministers emphasized the importance of the strengthening and attainment of the universality of the World Trade Organization (WTO) and, in this context, they called for accelerating the accession process without political impediments and in an expeditious and transparent manner for developing countries applying to the World Trade Organization, and also the provision of technical assistance by the World Trade Organization and the United Nations Conference on Trade and Development (UNCTAD), within their mandates, thereby contributing to the rapid and full integration of those countries into the multilateral trading system.

Industrialization

33. The Ministers reaffirmed the continued urgency of promoting industrialization as a dynamic instrument for the acceleration of economic and social development and as a key contributor to the eradication of poverty and the creation of productive employment in the developing countries. The

Ministers expressed satisfaction at the continuing revitalization and transformation of United Nations Industrial Development Organization (UNIDO). The Ministers urged the relevant agencies of the United Nations system, in particular UNIDO and UNCTAD to intensify their collaboration in investment promotion, technology transfer and enterprise development to support the development efforts of developing countries. The Ministers called upon the international community including the relevant organizations and bodies of the United Nations and in particular UNIDO to support the implementation of the Programme for the Second Industrial Development Decade for Africa so as to enable African countries to promote industrialization.

34. The Ministers expressed their appreciation for the invaluable support provided by UNIDO and UNDP in the brainstorming meeting organized by the Group of 77 and China on 10-11 September 1998 in New York to promote analysis and technical discussions on issues related to the United Nations Framework Convention on Climate Change and the Kyoto Protocol. The Ministers strongly supported the key role of UNIDO in promoting sustainable industrial development and the transfer of environmentally sound technologies to developing countries and in supporting their efforts to promote sustainable development. They welcomed the efforts of UNIDO to decentralize its activities to provide more effective and responsive integrated services at the field level. They called upon all member states to renew and strengthen their political and financial support to the Organization to enable it to carry out is new mandate. In this regard, the Ministers urged the Government of the United States of America to honour its obligations to UNIDO by effecting prompt and full payment of its outstanding assessed contributions to the Organization.

Reform of the United Nations

35. The Ministers reiterated the high importance they attached to the strengthening of the role of the United Nations in promoting international cooperation for economic and social development, and they expressed their strong belief that the United Nations should be allowed to develop its full potential towards the attainment of that goal.

36. The Ministers reaffirmed that reform proposals and measures must be fully consistent with the medium-term plan which constitutes the principal policy directive of the Organization. The main objective of the reform proposals and measures should be to enable the United Nations to implement fully all mandated programmes and activities.

37. The Ministers noted that the proposal on time limits of new initiatives would have far-reaching implications on the existing Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. In this regard, they stressed on the need for the Committee for Programme and Coordination, Advisory Committee on Administrative and Budgetary Questions, and the Fifth Committee to consider this proposal in all its aspects, before consideration and action by the General Assembly.

38. Regarding the reform proposal on results-based budgeting, the Ministers noted this proposal would lead to a radical departure from current programme planning and budgetary practices and procedures which have been repeatedly reaffirmed by the General Assembly. They stressed the need for thorough consideration, by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, of the more detailed report that the Secretary-General was requested to submit on this

proposal. Therefore, no action should be taken by the Secretariat to implement results-based budgeting until the General Assembly decides on the appropriate action on this matter.

39. The Ministers recognized the importance of reinforcing the United Nations for the challenges of the new millennium and in this context they stressed the need to keep under close intergovernmental oversight and review the implementation of the decisions adopted by the General Assembly in its resolutions 52/12 A and B with regards to the reform proposals presented by the Secretary-General in his report, "Renewing the United Nations: A Program for Reform", as well as a continuous assessment of their implications. While implementing those decisions, they also stressed the need to take into account the views expressed by Member States during the process of consideration of those decisions, including those subjects and aspects where the overwhelming majority coincided in formulating precise and clear guidelines. In this regard, they reiterated the statement of principles on UN reform of the Group of 77 which, inter-alia, stressed that reform process should be carried out with the primary objective of strengthening the capacity of the United Nations to address development issues and to respond effectively to the development needs of developing countries.

40. The Ministers noted the designation of the fifty-fifth session of the General Assembly as the "Millennium Assembly" as the occasion which could provide opportunity to renew political support for the United Nations, and to strengthen the case of multilateralism in particular in the areas of international cooperation for development. The Ministers invited the Secretary-General to take fully into account the needs and priorities of the developing countries in preparing the Millennium Assembly and to conduct preparatory work in an open, democratic and transparent manner. The Ministers called upon the General Assembly of the United Nations to reach a decision on the various organizational aspects of the Millennium Assembly, including its agenda, at its fifty-third session.

41. The Ministers reaffirmed their support for Habitat and UNEP and their current location. They called on developing countries to examine the report of the United Nations Task Force on Environment and Human Settlements with a view to evolving a common position on its recommendations.

Development account

42. The Ministers welcomed the establishment of a new section in the United Nations regular budget on the development account by General Assembly resolution 52/220. They emphasized that the Development Account should be subject to the provisions of General Assembly resolution 52/235. They underlined that this new section should also be governed in full compliance with the current and future medium-term plan, and with the relevant regulations and rules of the United Nations and budgetary procedures, in terms of preparation, consideration, and evaluation by the mandated bodies.

43. The Ministers stressed that the funds available in the development account should be utilized for the sole purpose of intensifying the activities of the United Nations for sustained economic growth and sustainable development, based on the programmes approved in the medium-term plan. In this regard, they further stressed that the sustainability of the development account should not be pursued through unjustifiable and unsound measures without taking into account the views expressed by the developing countries.

44. The Ministers expressed their concern at the initiative to categorize the various programmes and

activities of the United Nations as non-programme costs based on arbitrary assumptions, which would adversely affect the ability of the Organization to perform its mandated programmes and activities. Noting that all the United Nations activities are under programme, they urged the Secretary-General not to undertake any such review without satisfying the questions raised by member states.

45. The Ministers underlined that the proposed economy measures should not result in a reduction in the overall level of the regular budget or the staffing level. In this regard, they stressed that adequate resources should be provided for full implementation of mandated programmes and activities. Furthermore, the Ministers underscored that there should be no imposition of any ceiling to the overall level of the regular budget of the United Nations.

Environment and Development

46. The Ministers reiterated the importance of the achievement of the goals of sustainable development and the full and effective implementation of Agenda 21. While recognizing that a number of positive results have been achieved, in particular in the fulfillment of commitments by developing countries, they were deeply concerned about the lack of fulfillment of international commitments voluntarily undertaken by industrialized countries at the Rio Summit, in particular those relating to the provisions of new and additional financial resources and the transfer of environmentally sound technology to developing countries on favourable, concessional and preferential terms.

47. The Ministers underscored the importance of the effective follow-up to the Barbados Programme of Action and welcomed the convening of a two days special session of the General Assembly in 1999 for the comprehensive review of the SIDs Programme of Action and urged that a review should provide concrete recommendations for the further implementation of the Programme of Action.

48. The Ministers expressed their commitment to strengthen institutional effectiveness within the United Nations system and the relevant international bodies to promote the programme of action and called the early ratification of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

49. The Ministers expressed concern over the increased vulnerability of the developing countries to natural disasters which have negative effects on the population, the economy and the environment. The Ministers called upon the international community to have a mechanism for cooperation in order to prevent and mitigate the negative impacts of natural disasters for the next millennium.

Habitat and UNEP

50. The Ministers expressed their concern over the declining funding resources for UNEP and Habitat and urged developed countries to support both institutions with adequate, stable and predictable financial resources to enable them to carry out their mandated activities.

Follow-up to United Nations Major Conferences and Summits

51. The Ministers noted that international consensus has been forged on a range of priority issues for the international community including inter-alia, environment and development, social development,

population and development, women and development, habitat and food. At the same time, it was a matter of concern that resources for the implementation of this consensus commitment agreed upon at the conferences and summits were declining. While efforts were being made to enhance coordination and improve follow-up to the Conference outcomes, the Ministers noted that effective follow-up to the Conference outcomes also necessitates effective measures in the area of means of implementation. They also noted that efforts to identify a set of basic indicators to evaluate progress in follow-up to conferences would need to be broad based and cover all aspects of Conference outcomes, including means of implementation.

52. The Ministers welcomed the result of the twentieth special session of the United Nations General Assembly on the World Drug Problems, in particular the adoption of the Declaration on the Guiding Principles of Demands Reduction and Action Plan against Illicit Manufacture, Trafficking and Abuse of Amphetamine-type Stimulants and their Precursors, which will contribute to attaining a truly balanced and comprehensive approach to the drug problems. Furthermore, the Ministers encouraged the implementation of such Declaration and Action Plan.

53. The Ministers reiterated the importance of the Programme of Action of the International Conference on Population and Development, and urged the international community to provide the necessary resources for the implementation of the Programme of Action and called for concerted efforts to ensure the success of the Special Session of the General Assembly in 1999, for the review and appraisal of the implementation of the Programme of Action of the International Conference on Population and Development.

54. The Ministers stressed the importance of the Special Sessions of the General Assembly on the Implementation of the Outcome of the World Summit for Social Development and Further Initiatives, and the Fourth World Conference on Women, to be held in the year 2000. The Ministers highlighted that both the preparatory and review processes should foster the full implementation of the Programme of Action of the World Summit for Social Development and the Platform for Action of the Fourth World Conference on Women.

55. The Ministers stressed the importance of holding the General Assembly Special Session in the year 2001 for the overall review and appraisal of the implementation of the outcome of the Habitat II and the need to ensure that the modalities for such review should contribute to the further implementation of the Habitat Agenda.

United Nations Operational Activities for Development

56. The Ministers stressed that the forthcoming Triennial Comprehensive Policy Review of Operational Activities of the United Nations system must result in the enhancement of the role of the United Nations in developmental activities. They were of the view that the Triennial Comprehensive Policy Review of the Operational Activities must address the issue of placing the funding of the programmes and funds on a predictable, assured, and continuous basis, commensurate with the increasing needs of developing countries. They noted with appreciation the growing contribution of a large number of developing countries to the core resources of the United Nations Funds and Programmes which clearly demonstrated their continued faith and commitment to the work of those bodies. They called on traditional donor countries to increase substantially their contributions to the core resources of the United Nations Funds and

Programmes in order to immediately meet the objectives set. The Ministers also stressed that the reforms of the United Nations, and those undertaken by the United Nations Funds and Programmes including in the context of the funding strategies, must safeguard the essential characters of the United Nations operational activities which are of universality, neutrality, multilateralism, voluntary and grant nature, and responding to the needs of developing countries in a flexible manner. The Ministers stressed that in order to enhance the effectiveness of the United Nations Funds and Programmes, it is crucial that they are provided with adequate and predictable resources. They also called on the United Nations Funds and Programmes to take effective steps to include South-South cooperation within their programmes of assistance. Furthermore, they urged the United Nations Funds and Programmes to increase their procurement of goods and services from developing countries. They stressed the need for the United Nations Funds and Programmes to intensify their coordination with regional commissions, especially during the programming stages, to optimize the potential contribution of the regional commissions in the operational activities of the United Nations system.

Least Developed Countries

57. The Ministers recognized that the Least Developed Countries (LDCs) were the weakest members in the international community with the most formidable development problems. In a world economy increasingly being shaped by the processes of globalization and liberalization, the LDCs were marginalized from the mainstream. The Ministers expressed their deep concern at the sluggish growth of the LDCs economies. They have been by-passed by foreign investment, their debt burden continued to increase while the external assistance diminished further. In order to benefit from and sustain the wide range of structural and economic reforms undertaken by the LDCs, it is necessary to increase the flow of external resources as well as to support LDCs efforts in capacity building and infrastructure development. The Ministers, therefore urged the developed countries to reverse the downward trend of assistance to LDCs and fulfill the internationally agreed target of ODA as soon as possible. The Ministers further called upon the international community to implement fully the Programme of Action for the LDCs for 1990's in order to accelerate growth and development processes in those countries. They also stressed the importance of initiating preparations for the Third United Nations Conference on LDCs, scheduled to be held in the year 2001, which would offer a scope to comprehensively deal with the overall development problems of the LDCs, including a new, practical and action oriented Programme of Action for the first decade of the Twenty-first century.

58. The Ministers expressed their concern at the continued marginalization of the LDCs. They declared that arresting and reversing this trend and promoting expeditious integration into the world economy, constituted an ethical imperative for the international community. They expressed their determination to work together towards further enhanced market access for their exports within the context of supporting the efforts of LDCs at capacity-building. They welcomed the initiatives taken by the WTO in cooperation with other organizations to implement the Plan of Action for the LDCs, including through effective follow-up to the High-level Meeting on Integrated Initiatives for LDCs Trade Development, held in October 1997. They recognized that full implementation of the Plan of Action required further progress towards duty-free imports from LDCs. They also invited the UNCTAD, ITC, UNDP, UNIDO, the World Bank, IMF, WTO and other relevant organizations to provide enhanced technical assistance to help strengthen the supply capacity of the LDCs and to help them to take the fullest possible advantage of trading opportunities arising from globalization and liberalization. They urged the developed countries to ensure that the necessary funds are made available to the organization to secure implementation of the Integrated

Framework for Trade Related Technical Assistance to the LDCs, adopted in October 1997.

Critical Economic Situation in Africa

59. The Ministers noted that the socio-economic and political situation in Africa remained critical due to a combination of factors including conflicts, diseases and unfavourable external economic conditions. They emphasized the need to fully implement the commitments and undertakings aimed at addressing the root causes of poverty and crisis in Africa and ensuring long-term stability and peace and sustained economic growth and development. In this regard, they welcomed the report of the Secretary-General to the Security Council and the General Assembly of 13th April 1998 on The causes of conflict and the promotion of durable peace and sustainable development in Africa (A/52/871-S/1998/318) and its recommendation as a further impetus to mobilize resources for African development.

60. The Ministers, in particular, called on the United Nations system and the international community to enhance support for Africa's own efforts at economic transformation and development through a combination of measures, including capacity building, duty-free and guaranteed market access for goods of export interest to Africa the promotion of foreign direct investment, debt reduction, aid restructuring and increased official development assistance (ODA).

61. They reiterated their support to the various initiatives on African development and urged the synergy of the implementation of all these initiatives within the framework of the review processes of the United Nations New Agenda for the Development of Africa in the 1990s (UNNADAF), as outlined in the relevant resolutions and decisions of the General Assembly and the Economic and Social Council respectively.

Critical situation in the Middle East

62. The Ministers expressed their concern over the deteriorating economic and social situation of the Palestinian people as a result of the continued illegal Israeli policies and actions in the Occupied Palestinian Territory, including Jerusalem, particularly settlement activities, the closure of the Palestinian territory and the withholding of Palestinian revenues. In this context, the Ministers stressed the need to preserve the territorial integrity of all of the Occupied Palestinian Territory, to guarantee the freedom of movement of persons and goods, and to respect the fundamental human rights of the Palestinian people. The Ministers reemphasized the need for international assistance to support Palestinian development efforts in the economic and social fields, and called on the international donor community to deliver the financial assistance pledged to the Palestinian Authority.

63. The Ministers expressed their deep concern at the stalled peace process in the Middle East and the persistence of the Israeli occupation of the Palestinian Territory, including Jerusalem, and the other Arab territories, which gravely deteriorate the living conditions of the Arab population under occupation, as well as negatively affect the national efforts to achieve sustained economic growth and sustainable development in the region. They further expressed grave concern over the escalating Israeli policies of building and expanding settlements in the Occupied Palestinian Territory, including Jerusalem and the occupied Syrian Golan, in violation of international law, relevant United Nations resolutions and the Fourth Geneva Convention, of 12 August 1949. They reaffirmed their support to the Palestinian people in their effort to achieve their inalienable rights, including their right to establish an independent state on their national soil,

including Jerusalem. They also reaffirmed their support for the Middle East peace process, aimed at achieving a comprehensive, just and lasting peace in the region on the basis of Security Council resolutions 242 (1967), 338 (1973), and 425 (1978) and the principle of land for peace. In this context the Ministers urgently called for the implementation of the agreements reached and international support to reactivate and complete the peace process from the point where it was stopped at, emphasizing the necessity to respect all agreements, pledges and commitments reached during previous stage of the peace talks. The Ministers reaffirmed further the permanent responsibility of the United Nations towards the Question of Palestine, and called upon Israel to comply with all relevant United Nations resolutions and to put an end to its occupation of Palestinian Territory, including Jerusalem, and the other Arab territories including the Syrian Golan and South Lebanon.

The Financial Situation, Administrative and Budgetary Issues of the United Nations

64. The Ministers reiterated their deep concern over the difficult and chronic financial situation of the Organization and reaffirmed that the primary cause of the financial difficulty continues to be the failure on the part of certain developed countries to pay their assessed contributions to the regular budget and peace keeping operations budgets in full, on time and without conditions.

65. The Ministers underscored the intergovernmental nature of the United Nations and reaffirmed the legal obligation of Member States to bear the expenses of the Organization in accordance with the relevant provisions of the Charter and the requirements to pay assessed contributions and arrears in full, on time and without conditions. In this regard, the Ministers recognized the need to extend sympathetic understanding to Member States who are temporarily unable to meet their financial obligations as a consequence of genuine economic difficulties.

66. The Ministers reaffirmed that the principle of the "capacity to pay" is the fundamental criterion in the apportionment of the expenses of the United Nations. The Ministers further stressed that the developing countries should not be assessed at a rate higher than the capacity to pay as a result of any adjustments in the scale.

67. The Ministers also reaffirmed that the principles contained in the special scale of assessments established in resolutions 1874 (S-IV) of 27 June 1963 and 3101 (XXVIII) of 11 December 1973 for the apportionment of the costs of peacekeeping operations must be adopted on a permanent basis. In this regard, they stressed that the scale for financing these operations must clearly reflect the special responsibilities of the permanent members of the Security Council and economic situation faced by other countries or groups of countries, particularly the developing countries. In this context, the Ministers further stressed that the establishment of a ceiling and a floor for the Permanent Members of the Security Council is totally unacceptable. Furthermore, the Ministers recalled that the economically less developed countries have limited capacity to contribute towards the budgets of peacekeeping operations.

68. The Ministers also reiterated their concern over the continuing financial cutbacks to an already severely limited programme budget of the United Nations which has continued to threaten the very functioning of the United Nations and could adversely affect the Organization's capability to implement fully the programmes and activities which Member States have entrusted to it, in accordance with the medium-term plan for 1998-2001 and with special emphasis on international and regional cooperation for development. In this regard, the Ministers stressed the need for the reform process of the United Nations,

to strengthen, rather than weaken the implementation of all mandated programmes and activities and related secretariat support structures. They expressed deep concern with the high vacancy rate, especially in economic areas, which hampered programme delivery and should not be allowed to continue in the future.

69. The Ministers resolved that the existing budgetary procedures as contained in General Assembly resolution 41/213 should be fully respected and implemented in all its aspects. The proposed programme budget outline and the proposed programme budget of the United Nations should be submitted strictly in accordance with this resolution. Moreover, the Ministers reaffirmed that equal priorities should be given to all programmes and activities of the United Nations as agreed in the medium-term Plan and other General Assembly resolutions.

70. The Ministers emphasized the importance of the General Assembly resolution 52/226 and expressed their concern with the negligible share of the developing countries in the United Nations procurement. They also emphasized that the United Nations procurement should be on as wide a geographical basis as possible with preferential treatment to the developing countries. The Ministers further underlined that the United Nations supplier rosters should be representative of the membership of the Organization.

71. The Ministers reaffirmed that all mandated programmes and activities of the United Nations should be performed by international civil servants in accordance with articles 100 and 101 of the United Nations Charter. They emphasized that gratis personnel should be phased out by February 1999, in accordance with General Assembly resolutions 52/234 and 52/248.

South-South Cooperation

72. The Ministers reaffirmed their commitment to Economic and Technical Cooperation among Developing Countries (ECDC/TCDC) and reiterated their conviction that it constitutes an integral and essential part of the efforts of the developing countries to promote economic growth, technological capacities and accelerated development. They also reiterated their conviction that South-South cooperation is not only a means of taking advantage of existing and potential complementarities in the economies of developing countries, but can also contribute to restructuring international economic relations and strengthening the world economy.

73. With a view to intensifying the expanding South cooperation, the Ministers called on developing countries to explore cooperation in areas such as biotechnology, information and communication technologies, infrastructure development, making GSTP more effective, improving trade credit facilities for intra South trade, promotion of intra South technology transfers and FDI. Specifically they called for the consideration of the establishment of an Infrastructure Fund to facilitate and accelerate development of infrastructure in developing countries, including exploration of modalities for financing of such fund from all possible sources.

74. In this context, the Ministers welcomed the offer made by the Government of Indonesia to host, from 2nd to 4th December 1998, a High Level Meeting in Bali on Subregional and Regional Economic Cooperation, with the primary focus on identifying innovative strategies for accelerating the pace of trade, investment, financial and technical cooperation among the subregional economic groupings of the

developing countries. In this context, the Bali Meeting will accelerate the implementation of the Caracas Programme of Action keeping in mind the new realities of the developing world. They also expressed the hope that this meeting will draw up a concrete plan of action that would enable developing countries to respond effectively to the challenges and opportunities which are presented by globalization and economic liberalization. The Ministers invited all members of the Group of 77 to participate actively and to send their high level representation to that meeting.

75. The Ministers welcomed the holding of the First India - The Group of 77 and China - Trade Fair and Business Summit in New Delhi, India, 14 - 27 November 1998 and expressed the hope that the Fair would intensify trade, investment, and technological interaction among the countries of the South.

76. The Ministers stressed that ECDC/TCDC has matured into an integral aspect of the historical process of international cooperation for development. They reiterated that ECDC/TCDC provides a natural bridge for the effective participation of the developing countries in the global economy. In this regard, there is a need to effect a closer operational integration between TCDC and ECDC. The Ministers appreciated the support provided by the UNDP/the Special Unit for TCDC to support the implementation of the CPA and encouraged UNDP/and its Special Unit for TCDC to continue to expand this cooperation with the Group of 77 for the benefit of all developing countries. Furthermore, the Ministers welcomed the General Assembly decision to commemorate the twentieth anniversary of the Buenos Aires Plan of Action on 7 October 1998 and invited all countries and the United Nations system to participate very actively at this commemoration as well as at the exhibition on South-South cooperation.

77. The Ministers noted with appreciation the outcome of the High Level Advisory Meeting on the South Summit held in Jakarta from 10 to 11 August 1998 and in this context decided to hold the South Summit in the year 2000. The Ministers welcomed the generous offer of the Government of Cuba to host the Summit and invited the Chairman of Group of 77 in close cooperation with the host country to undertake preparations for the Summit, devising its modalities, including timing, agenda and other necessary arrangements required for the Summit.

78. The Ministers approved the financial statement for 1998 and appealed to the members of the Group of 77 to contribute generously to the "ECDC Account" in order to facilitate the implementation of the Caracas Programme of Action. For those that have not contributed yet, a special appeal was made to do so, and to those who have already contributed an appeal was made to increase their contributions.

79. The Ministers approved the report of the Thirteenth Meeting of the Committee of Experts of the Perez-Guerrero Trust Fund (PGTF) presented in accordance with the guidelines for the utilization of PGTF, and approved its recommendations. They expressed satisfaction with the results achieved by PGTF and commended the Chairman's efforts to expand the PGTF resources in close cooperation with the UNDP. They also called for timely briefings on the functioning of the PGTF for approved projects and dissemination of guidelines for the utilization and disbursement of funds.

80. The Ministers commended the pledge made by the Chairmen/Coordinators of the Group of 77 at their annual meeting to strengthen their coordination and to work together in a more cohesive and harmonious manner with a view to enhancing interaction of the various Chapters of the Group of 77 in all multilateral fora. In this context, the Ministers recalled the initiative by the Chapters to strengthen the institutional effectiveness of the Group of 77 in all chapters through the establishment of liaison offices in

accordance with the decision taken by the Special Ministerial Meeting of the Group of 77 held in June 1994. While welcoming the decision taken recently by the Group of 24 in Washington D.C. to establish its own permanent secretariat, the Ministers emphasized the importance for the Chairman of the Group of 77 in New York to implement the decision taken by the Chairmen/Coordinators of the Chapters in June 1996 aiming at setting up a permanent secretariat within the Office of the Chairman as mandated by the Twentieth Ministerial Meeting, and invited the Chairman of the Group of 77 to report to the next ministerial meeting on the matter.

81. The Ministers were convinced that the celebration of the 35th anniversary of the establishment of the Group of 77 on 15 June 1999 constitutes an opportunity to reaffirm the commitment of the Group of 77 to implement its goals and objectives in the light of the new challenges facing developing countries. The Ministers invited the Chairman of the Group of 77 to conduct appropriate consultations with a view to deciding on how this important event should be commemorated in 1999, including the possibility of convening a special meeting of the Group of 77 at an appropriate level.